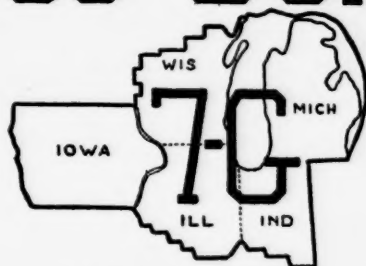


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 9, No. 4

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April 1, 1926

BUSINESS CONDITIONS IN THE UNITED STATES

PRODUCTION and trade continued in February at the high level of the preceding month, while the general average of prices declined and was lower in February than at any time since the latter part of 1924.

PRODUCTION—The Federal Reserve Board's index of production in basic industries, which is adjusted for seasonal variations, indicated a continuation of productive activity during February in about the same volume as in the preceding two months. Mill consumption of cotton and the output of flour, anthracite, copper, and newsprint, showed increases in February, when allowance is made for usual seasonal changes, and the output of iron and steel and lumber remained practically unchanged. Activity in the woolen industry and the production of cement declined. Automobile production was in considerably greater volume in February and was larger than a year ago, although smaller than in the corresponding month of 1924.

Employment and earnings of factory workers increased, after the seasonal recession of January, and were in February at practically the same levels as during the latter part of 1925. The volume of building contracts awarded declined both in January and in February, but remained larger than in the corresponding months of last year.

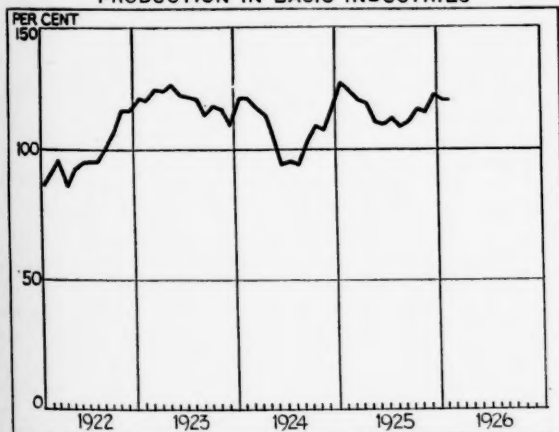
Reports by farmers to the Department of Agriculture of intentions to plant in 1926 indicate that the acreage of spring

wheat and tobacco will be slightly smaller, the acreage of corn will be about the same, and that of oats, barley, hay, and potatoes larger than that in 1925.

TRADE—Wholesale trade in February was in about the same volume as a year ago. A smaller volume of sales was reported for groceries, dry goods, and hardware, while sales of meats, shoes, and drugs were larger. Inventories of wholesale firms dealing in groceries, dry goods, shoes, and hardware were smaller at the end of February than a year ago. Trade at department stores and at mail order houses was larger than in February of last year and department store stocks were about 5 per cent greater than on the corresponding date of 1925. Freight car loadings continued at about the same daily rate in February as in the preceding two months. Shipments of merchandise in less-than-carload lots and of miscellaneous commodities were particularly large.

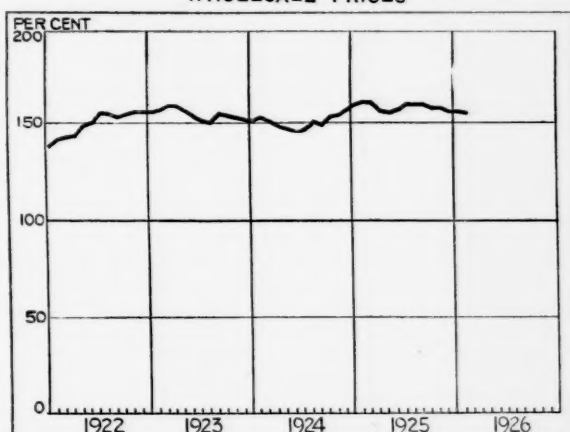
PRICES—The general level of wholesale prices, as measured by the Bureau of Labor Statistics index, after remaining unchanged for two months, declined in February to a point slightly below the low figure of 1925, reported for last May. The greater part of the decline since last autumn has been in prices of agricultural commodities. In February prices of all major groups of commodities, except fuels, declined, and particularly large reductions occurred in the

PRODUCTION IN BASIC INDUSTRIES



Index of 22 basic commodities adjusted for seasonal variations (1919 = 100). Latest figure, February, 1926: 120.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913 = 100, base adopted by the Bureau). Latest figure, February, 1926: 155.

Compiled March 27, 1926

prices of grains, cotton, wool, silk, and rubber. Price advances in February were shown for petroleum, coke, and paper. During the first three weeks of March prices of grains, cotton, wool, and silk continued to decline, and recessions were also reported in the prices of sugar and hardwood lumber.

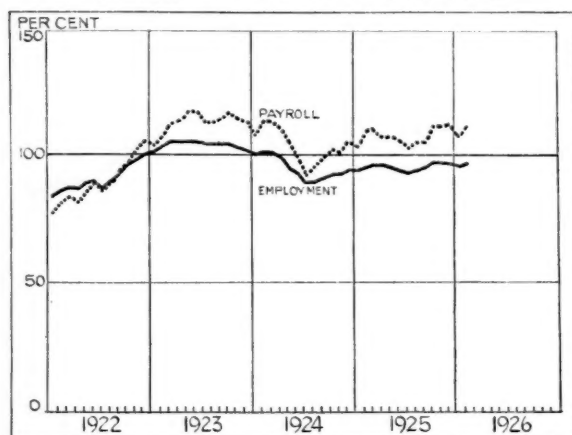
BANK CREDIT—At member banks in leading cities demand for loans chiefly for commercial purposes showed an increase, partly seasonal in character, between the middle of February and the middle of March, and on March 17 the total volume of these loans was close to the high point reached last autumn. A further decline of loans on securities, which accompanied the sharp recession in security

prices in March, carried the total to a point nearly \$430,000,000 below that reached at the end of the year.

Following a growth during February in the volume of reserve bank credit outstanding, there was a sharp decline early in March to about the same level as a year ago. Factors contributing to the decline have been continued imports of gold and some reduction in member bank reserve requirements, as well as the temporary abundance of funds resulting from the excess of Treasury disbursements over receipts around March 15.

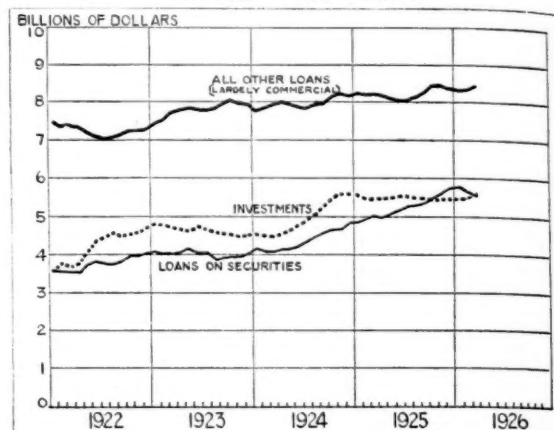
Open-market rates on prime commercial paper, after a slight decline in February, advanced in March to $4\frac{1}{4}$ - $4\frac{1}{2}$ per cent, the level which had prevailed since last October.

FACTORY EMPLOYMENT AND PAYROLL



Federal Reserve Board's indexes of factory employment and payroll (1919 = 100). Latest figures, February, 1926: Employment, 97.0; Payroll, 111.5.

MEMBER BANK CREDIT



Monthly averages of weekly figures for member banks in 101 leading cities. Latest figures, averages for first three weekly reporting dates in March, 1926: All Other Loans, \$425 million; Investments, \$5,569 million; Loans on Securities, \$5,527 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

FOR industry in the Middle West, February witnessed several instances of expanding operations. Thus, automobile output, steadily receding since October, increased over January, reaching a volume considerably heavier than last year. Similarly, shoe production showed the first month-to-month increase since September, 1925. Payrolls at other industrial plants also advanced. In building construction, gains both in contracts awarded and permits issued, reversed the downward trend noted in January. Specifications for steel are maintaining a high rate of activity at mills in this district.

Among industries in which slowing-down continued, may be noted the curtailment in bituminous coal production, the decrease for the second month at slaughtering houses, the drop in leather manufacture for the fourth successive month, further reduced output of cement and brick, and the decline in flour production.

In trade the month was marked by the customary drop in collections, the placing of heavier orders for future delivery, and by the building up of inventories. Sales trends as usual for February were mixed, retail distribution in general falling off, and wholesale shipments varying for different commodities. In automobiles the increases over the preceding month and a year ago were decidedly more pronounced for wholesale distribution than for retail, causing larger stocks than last year.

Financial changes during February followed the 1925 trends, such as the drop in the volume of check payments, the advance in savings deposits, the increase in bankers'

acceptance transactions, and the decline in commercial paper sales.

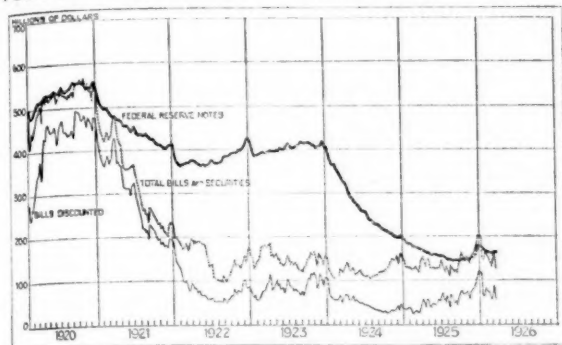
CREDIT CONDITIONS AND MONEY RATES

Reports received from various sections of the district indicate credit conditions typical of the season. March 1 settlements apparently exerted little influence in heightening the demand for credit, though in Chicago a slight increase in requirements was felt, incident to the approach of March 15 income tax. The general trend of the Chicago money market, however, has been toward comparative ease; rates, while unchanged in actual quotations, nevertheless reflect the abundant supply of funds in a considerable number of transactions at the lower figures in the range. Present quotations in Chicago are: Commercial paper $4\frac{1}{4}$ to $4\frac{1}{2}$ per cent, customers' over-the-counter accommodation $4\frac{3}{4}$ to $5\frac{1}{2}$ per cent, and collateral loans $4\frac{3}{4}$ to $5\frac{1}{2}$ per cent. One or two reports indicate a slight rising trend in rates in other sections of the district, but the general level presents little change from a month ago.

Total bills and securities of the Federal Reserve Bank of Chicago, after a steady decline throughout February, on March 3 increased to \$164,973,000 compared with \$129,539,000 the preceding week; the March 3 total constituted the second highest point thus far in 1926, being exceeded only by the \$198,704,000 shown January 6. A similar trend has been followed by loans to member banks; \$88,668,000 was reported March 3 as against \$54,831,000 the preceding week, the first named figure being exceeded thus far in

1926 only by the \$115,682,000 given January 6. Both total bills and securities and loans to member banks have declined in volume since March 3; on March 17 the former aggregated \$123,699,000 and the latter \$55,051,000. Federal Reserve notes have shown a rising trend in recent weeks, followed by a small decrease March 17, when the total in circulation was \$163,633,000 compared with \$161,362,000 February 17 and \$164,209,000 the preceding reporting date, March 10.

POSITION OF THE FEDERAL RESERVE BANK OF CHICAGO



Latest figures, March 17, 1926, in thousands of dollars: Federal Reserve Notes, 163,633; Total Bills and Securities, 123,699; Bills Discounted 55,051.

Loans and discounts of reporting member banks in the Seventh district moved upward on the first two reporting dates of the month, March 3 and March 10, but declined on March 17. The \$2,090,651,000 given on March 10 was the highest aggregate since December 23, 1925; on March 17 the figure stood at \$2,073,822,000. Investments of reporting members since the middle of February have been on an expanding scale in Chicago and Detroit, while in other selected cities the reverse has been true since the beginning of February until March 17, when a gain was reported in other cities as well as in Chicago and Detroit. The total of investments for all reporting member banks in the district on that date was \$779,376,000 compared with \$753,504,000 February 17. Net demand deposits have shown extensive weekly fluctuations, but the general trend since early February has been upward. A total of \$1,769,654,000 was reported on March 10 compared with \$1,754,326,000 February 10, but on March 17 the aggregate dropped to \$1,762,847,000. Time deposits have reflected no definite trend in recent weeks, though the level is considerably above the earlier reporting dates this year, and a sharp rise on March 17 brought the aggregate to \$1,040,245,000, the highest point in the records of this bank for this item; the figure of \$1,037,243,000 on February 17 was the next highest aggregate for time deposits of which this bank has record.

The supply of commercial paper tended to increase during February, while demand was characterized by reporting dealers as poor to fair. Sales for ten firms amounted to 18.2 per cent less than the January volume, only one gain being noted, and 13.6 per cent below last year. Customary selling rates ruled the same as in January, $4\frac{1}{4}$ to $4\frac{1}{2}$ per cent, five dealers reporting no change for high or low, one a drop from $4\frac{3}{4}$ to $4\frac{1}{2}$ for high, and two a decline for low from $4\frac{1}{4}$ to 4. All dealers indicated more paper outstanding at the close of February than on January 31, the group averaging an increase of 3.9 per cent. For twenty-six dealers located throughout the country, out-

standings were \$654,943,000 as compared with \$654,171,000 at the end of January.

Purchases in the Chicago open bill market from February 18 to March 17 for five reporting dealers exceeded the previous month's volume by 42.7 per cent; transactions with both acceptors and others contributed to the increase. Sales in the same comparison registered a gain of 76.7 per cent, those to out-of-town banks the one group not increasing. Holdings of bills were reduced 24.2 per cent during the four weeks. All dealers indicated a small supply of bills in the period; their reports on demand, however, vary from practically none to fair and good. Sixty- and ninety-day maturities were listed as moving most freely. Grain, meat products, cotton, and ore were commodities principally involved.

The amount of bills accepted during February by sixteen banks in this district was the heaviest in six months, exceeding the January volume by 40.6 per cent, an increase which compares with 52.0 per cent in 1925 and 28.3 per cent in 1924. With only three banks indicating gains over last year, acceptances for the group aggregated less than half the February, 1925, total. Since March 1, operations have slackened. Marked increases during February by one bank, both in purchases and sales, more than offset the general declines, so that totals for the former item advanced 16.5 per cent over January, and for the latter 19.8 per cent. Reporting banks were holding at the end of February 11.8 per cent less bills than on January 31; their own bills registered a decline of 12.6 per cent. The liability of the banks as acceptors for bills outstanding had increased 39.7 per cent during the month, reaching the highest level since June 30, 1925, but only half the figure of a year ago. The Federal Reserve Bank of Chicago bought in February \$22,220,158 in bankers' acceptances, as compared with \$20,861,201 the month before; outstandings increased from \$30,428,571 on January 31 to \$32,820,417 at the close of February.

Agricultural Financing—Considerable increases were shown in the volume of loans outstanding on February 27 of Joint Stock Land, Federal Land, and Federal Intermediate Credit banks. Nineteen of the first named institutions on that date had loans outstanding in the five states including the Seventh district aggregating \$201,245,549 compared with \$195,965,235 (revised total) at the end of January, while four Federal Land banks increased their outstanding loans in the same territory from an aggregate of \$162,344,783 on January 30 to \$165,897,665 February 27. Loans and discounts (including rediscounts) of four Federal Intermediate Credit banks on February 27 aggregated \$1,707,725 as against \$1,599,351 at the close of the preceding month.

Volume of Payment by Check—Thirty-seven clearing house centers in the Seventh district reported volume of payment by check in February as totaling \$5,270,791,000, or 14 per cent less than in January but in excess of February, 1925, by 12.1 per cent. The four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, showed an aggregate 13.9 per cent under January, but 13.3 per cent above the corresponding month a year ago. Thirty-three smaller reporting centers, with a decline from January of 14.7 per cent, registered a gain of only 5.8 per cent over February, 1925. The city of Chicago's \$3,246,430,000 debited to individual accounts in February compared with \$3,784,550,000 in January—a drop of 14.2 per cent—and represented an increase over February a year ago of 12.6 per cent.

Savings—At the beginning of March savings deposits of 191 reporting banks in this district were 0.2 per cent above the February 1 totals, evidencing a seasonal expansion less pronounced than in previous years. Individually, eighty returns indicated decreases during the month, and by states, Indiana and Michigan averaged the only gains. For these two, as well as for Wisconsin, the number of new accounts offset those closed; the entire group, however, netted a slight reduction, so that the average size of account advanced 0.3 per cent.

Comparisons with a year ago show increases of 3.5 per cent in number and 3.1 per cent in amount of deposits; all states contributed to the former gain, and all except Illinois to the latter.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Planting intentions on March 1, as set forth in a report by the Bureau of Agricultural Economics of the United States Department of Agriculture, indicate only slight changes in the acreage of most staple crops for 1926. In the north central states, proposed plantings of spring wheat are 101.4 per cent, of corn 99.1 per cent, oats 101.9 per cent, barley 105.8 per cent, Irish potatoes 100.8 per cent, and tobacco 97.0 per cent of the acreage grown for harvest in 1925. For the country as a whole, according to the report, plantings of the principal feed crops (corn, oats, and barley) will show a gain of approximately 2,460,000 acres or 1.6 per cent over those grown for harvest last year, while the prospective acreage of Irish potatoes has been increased 4.3 per cent and that of spring wheat and tobacco decreased 1.8 per cent and 0.6 per cent, respectively. Some sections of the Seventh district are experiencing difficulty in obtaining satisfactory seed corn, the local grains not germinating properly under tests.

Grain Marketing—February arrivals and reshipments of grain at United States interior primary markets were seasonally less in volume than in January. Dealers at those centers handled a smaller quantity of oats and wheat during February than in the corresponding month of last year, but the receipts of corn increased. Smaller amounts of wheat, oats, and barley and larger tonnages of corn and rye were inventoried at interior terminal market elevators in the United States on March 6 than a month previous. Visible holdings of wheat, oats, and rye declined from a year ago, but those of corn and barley increased. Farm stocks of corn, oats, and barley showed a gain, while those of breadstuffs declined from March 1 last year, according to an estimate made by the Bureau of Agricultural Economics. Chicago grain prices for February and the early part of March continued lower than those in January. Contracts placed during February by members of the Chicago Board of Trade, calling for future deliveries of grain, represented a greater volume of wheat and corn and a smaller amount of oats and rye than the agreements in the preceding month. Exportations failed to reach the January level.

Flour—No improvement took place during February in sales or production of flour in the Seventh district. Receipts and shipments of flour through Chicago declined for the second successive month, while output by thirty-four mills reporting to this bank decreased 6.7 per cent in the aggregate from January and was 19.6 per cent below last year; mills were running at 55.7 per cent of capacity in comparison with 57.3 per cent in the preceding month. Sales by fifteen mills reporting the item also declined fur-

Bonds—February sales in the Chicago bond market exceeded those of a year ago, and trading was carried over well into March, although more or less influenced by tax requirements as is usual for the period. Trading was variously affected by the stock market reaction, being curtailed in some instances, and in others increased. Prices were firm prior to the decline in stocks, and those lowered have recovered at least in part. New offerings were disposed of promptly, and dealers' inventories are still light. Increasing activity is noticeable in first-mortgage real estate bonds. Foreign issues continue to sell readily. Demand this year by individuals has extended to practically all types of bonds, although on the part of banks inquiry has been restricted to short-time securities.

ther in February, only three firms reporting gains over January and the corresponding month in 1925.

CHANGES IN FEBRUARY, 1926, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JANUARY 1926	FEBRUARY 1925	JANUARY 1926	FEBRUARY 1925
Production (bbls.)	- 6.7	-19.6	34	34
Stocks of flour at end of month (bbls.)	-10.0	+ 8.5	30	30
Stocks of wheat at end of month (bu.)	-13.7	-21.7	30	30
Sales (volume)	-19.6	-31.3	15	13
Sales (value)	-18.8	-28.5	15	13

Production includes wheat and other flours. Balance of items refer to wheat flour only.

Movement of Live Stock—Receipts of live stock in the United States receded to seasonally low levels during February and consisted largely of short-fed cattle, heavy lambs, and fat hogs from the western section of the corn belt. Grass-fed cattle from Texas appeared at some western markets during the month. Packer demand was somewhat indifferent to underfinished cattle, heavy hogs, and lambs weighing more than 95 pounds, but centered on the offerings of good quality sheep, handyweight lambs, bacon hogs, and well-finished corn-fed steers. Slightly larger numbers of animals began to arrive at slaughtering centers during the early part of March.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, February, 1926	225,239	721,417	295,266	109,469
Public Stock Yards in U. S., February, 1926	657,864	2,034,948	862,752	355,065
January, 1926	774,210	2,720,687	856,319	370,072
February, 1925	624,508	3,063,008	725,309	360,654
February, 1922	550,462	2,285,637	761,023	271,347

Owing to the small movement from the ranges during February, reshipments of cattle and lambs to feed lots showed the customary decline in volume from January and were somewhat less than a year ago.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	MAR. 13, 1926	FEBRUARY 1926	JANUARY 1926	FEBRUARY 1925
Native Beef Steers (average)	\$ 9.85	\$ 9.65	\$ 9.65	\$ 9.35
Fat Cows and Heifers	7.25	6.60	6.65	5.65
Hogs (bulk of sales)	12.25	12.35	11.95	11.05
Yearling Sheep	10.10	11.65	12.70	14.05
Lambs (average)	12.20	13.50	15.25	17.50

Meat Packing—Production at slaughtering establishments in the United States was seasonally smaller in February than in the preceding period, and the employment for the last payroll in the month declined 5.4 per cent in number, 8.0 per cent in hours worked, and 6.8 per cent in value from that shown for the corresponding dates in January. Domestic demand for meats slackened because

of the influence of the Lenten period; the total value of sales billed to domestic and foreign customers by fifty-two meat packing companies in the United States declined 7.4 per cent from January and was 8.2 per cent greater than in February, 1925. A portion of the increase in sales over 1925 may be attributed to the effect of higher prices paid for live hogs. March 1 inventories at packing plants and cold-storage warehouses were under those of a year ago but exceeded holdings at the beginning of the preceding month. Chicago prices for fresh, sweet pickled, and smoked pork advanced in February over those for January; values for dressed heavy sheep and medium quality steers held steady, whereas quotations for lard, lamb, dry salt meats, smoked picnics, good to choice veal, light-weight mutton, and the majority of beef cuts declined. Quotations for pork and lard developed a slight firming tendency early in March; those for beef, veal, and lamb showed signs of easing. Export trade remained somewhat restricted, owing to observance of Lent in European countries and also because American domestic consumption continued at a level permitting preparation of only limited quantities of certain kinds of hog meats for exportation. Furthermore, the slaughter in the principal hog producing countries of Europe continued in volume sufficient to offer keen competition to imported fats on the part of the local product. A smaller tonnage of meat and lard was forwarded in February for export than in January, and the clearances of those commodities from North American ports also showed a decline. European representatives of United States firms had larger quantities of consigned goods on hand on March 1 than a month previous. British quotations for fats and boxed meats weakened during the month and continued under the United States basis, while

The usual curtailment in production took place during February in the bituminous coal industry of this district. Output from Illinois mines totaled 5,611,650 tons, a decrease of 27.7 per cent from January but a gain over a year ago of 14.6 per cent; last year the decline in the month-to-month comparison was 39.7 per cent. Prices of screenings increased toward the end of February, a strengthening induced, no doubt, by their scarcity, but showed some softening again after March 15. There has been little contracting so far by industrial concerns. In the first weeks of March anthracite coal had not yet arrived in this district in sufficient quantities to satisfy dealers.

INDUSTRIAL EMPLOYMENT CONDITIONS

An upward trend was apparent in industrial employment during February, manufacturing plants of the Seventh district reporting an increase of 1.4 per cent in working forces and of 4.1 per cent in payrolls over the preceding month. February a year ago registered similar increases, 1.5 and 4.0 per cent, respectively, which gains, however, were followed by several months of slight curtailment; such figures as are now available reflecting the employment situation for March, indicate that the gains made during February this year are being well maintained. The January-February changes within the several industrial groups comprising the aggregate employment reported, were also in close conformity with those of a year ago. Thus, in the metal industries there was an increase of 2.5 per cent in employment this year compared with 1.5 per cent last year; in "vehicles," 2.8 per cent with 2.0; in "textiles," 2.4 with 2.7;

prices in Continental markets remained nearly on a parity with those in Chicago.

Dairy Products—The tonnage of butter manufactured by sixty-three creameries in the Seventh district totaled 4.9 per cent less for February than for the previous month but increased 17.2 per cent over a year ago. Production in the United States, however, gained over the aggregate for the four weeks in January and was likewise larger than in the corresponding month of 1925. Sales of creamery butter billed to customers by sixty-five companies in the district showed a 5.4 per cent greater volume than those for January and a 12.8 per cent gain over February last year. Receipts at primary markets in Wisconsin indicated that cheese factories in the state increased their production in February 10.2 per cent over a year ago and 5.8 per cent over the corresponding four weeks of January; distribution from those centers gained 19.0 per cent and declined 5.0 per cent, respectively, in the two comparisons. A slightly smaller volume of butter and cheese but a seasonally larger quantity of eggs reached the Chicago market during the month than in January. March 1 inventories of dairy products at cold-storage warehouses and packing plants in the United States declined from February 1, but holdings of cheese and eggs exceeded those of a year ago, with all stocks larger than the 1921-25 average for March 1. Chicago quotations for butter, after opening at firm levels the beginning of February, showed a recession until the second week of the month when they partially regained their former strength, so that the average for the month as a whole was a little higher than for January. February prices of eggs and cheese showed a decline from the preceding month. Quotations fluctuated somewhat during the first half of March but continued near the February levels.

COAL

Bituminous output in February for the United States, although declining in the comparison with the preceding month, showed a gain over previous years. Resumption of anthracite production did not take place until too late in February to show a normal total output for that month.

According to the Bureau of Mines, Department of Commerce, the estimated total commercial stocks of bituminous coal in the United States on February 1 aggregated 45,000,000 tons, compared with 49,000,000 tons on January 1 and 44,000,000 tons on March 1 last year. At the present rate of consumption it is estimated that these stocks are sufficient for twenty-eight days' supply.

and in food products, a decline of 1.4 per cent this year compared with 1.6 a year ago.

In the metals group the gains have been continuous since last July, amounting to approximately 12 per cent since that time. A comparison with February a year ago reveals an expansion of about 4 per cent. Employment in the aggregate has shown steady gains since last June, with a cumulative expansion of almost 5 per cent, whereas the increase over a year ago does not greatly exceed 2 per cent.

Improvement in employment conditions is reflected in the records of the free employment offices, where the excess of applicants to the number of positions available showed considerable reductions. In Illinois the ratio dropped from 190 per cent at the close of January to 170 the last week in February; the Indiana offices reported a change from 158 per cent to 124 for the same period.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED		PER CENT CHANGE	WEEK ENDED		PER CENT CHANGE
	FEBRUARY 15, 1926	JANUARY 15, 1926		FEBRUARY 15, 1926	JANUARY 15, 1926	
All groups (10)	381,416	376,044	+1.4	\$10,202,685	\$9,800,697	+4.1
Metals and metal products (other than vehicles)	152,187	148,440	+2.5	3,880,772	3,735,204	+3.9
Vehicles	40,426	39,335	+2.8	1,271,422	1,129,685	+12.5
Textiles and textile products	29,753	29,048	+2.4	725,292	684,336	+6.0
Food and related products	49,040	49,749	-1.4	1,327,017	1,352,097	-1.9
Stone, clay, and glass products	12,600	12,468	+1.1	367,058	361,865	+1.4
Lumber and its products	35,925	35,389	+1.5	886,325	810,231	+9.5
Chemical products	12,600	12,626	-0.2	345,407	336,993	+2.5
Leather products	16,731	17,046	-1.8	389,341	386,177	+0.8
Rubber products	3,182	3,254	-2.2	82,859	79,854	+3.8
Paper and printing	28,972	28,689	+1.0	926,692	924,255	+0.3

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—Identical manufacturers of automobiles in the United States produced 318,562 passenger cars during February, an increase of 17.1 per cent over the first month of this year and of 31.7 per cent over February, 1925; this figure is also within 12,000 of that for the corresponding month in 1924. Canadian output by these American firms aggregated 15,940, compared with 11,252 in January and 10,549 a year ago. A total of 36,554 trucks was produced in February by firms whose January output was 28,825 and that of the corresponding month last year 31,829.

Evidence that automobile inventories continue to increase is seen in the February ratio of retail sales by dealers to their receipts from manufacturers producing 63.4 per cent of total output in the United States for the month. In February, sales to users constituted 73.2 per cent of the receipts from the factory, and in January the proportion was equally low; last year the ratio was 87.2 for February and in 1923, 80.7; in February, 1924, another low ratio was shown of 69.5.

Wholesale distribution of automobiles in the Middle West showed during February even larger gains than in previous months, while retail sales increased in the month-to-month comparison for the first time since October and continued above those of a year ago. Although used car sales were heavy in February, stocks at the end of the month gained slightly over the number held on January 31. Inventories of new cars have been increasing since the end of November. Reports of thirty-five firms giving data on deferred payments, indicate that sales made on that basis during February aggregated 46.7 per cent of total retail sales for the month, compared with a ratio of 46.9 in the preceding month and of 43.3 for February, 1925.

MIDWEST DISTRIBUTION OF AUTOMOBILES

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JANUARY		FEBRUARY	
	1926	1925	1926	1925
New cars				
Wholesale—				
Number sold.....	+44.0	+30.4	41	41
Value	+55.9	+24.6	41	41
Retail—				
Number sold.....	+29.6	+ 4.9	90	60
Value	+36.1	+ 0.9	90	60
On hand February 28—				
Number	+28.9	+34.7	62	62
Value	+26.0	+19.5	62	62
Used cars				
Number sold.....	+25.2	+ 0.8	91	61
Salable on hand—				
Number	+ 2.1	+19.4	61	61
Value	+ 2.9	+ 2.8	61	61

Iron and Steel Products—Demand for steel products from mills in the Chicago district continued quite active during February, some reports indicating that new orders were in excess of production at the present normal rate, while others show a slight decline from the preceding month in the amount of new business but a heavy volume of specifications. In other sections of the country the high

rate of operations has reduced the amount of tonnage on the books, unfilled orders of the United States Steel Corporation at the end of February showing a decrease of 265,917 tons from January 31 and of 667,949 tons from the corresponding date in 1925. The railroad, building, and automotive industries, together with gas and oil pipe consumption, have been furnishing the major portion of new business. Average daily steel ingot production for the United States declined only slightly in February from the prior month and, like January, established a record for that month. Pig iron output for the country was about 2,500 tons less in the daily average, though showing an increase in the Illinois and Indiana district.

Prices are apparently very well stabilized. Beginning with February 17, the composite average price of fourteen leading iron and steel products, as compiled by *Iron Trade Review*, remained at the same level of \$38.90 for four successive weeks; on March 17 a decline of one cent was registered. Iron and steel scrap has shown some strengthening since the first of March, but the level is still quite low.

As was the case in January, shipments and production of iron and steel castings by twenty-six foundries in the Seventh district increased during February in the month-to-month comparison but were less than in the corresponding month of 1925; half the firms reported gains in shipments over a year ago. Orders booked during February by fifteen stove and furnace manufacturers sending reports to this bank declined from January, and from February last year; shipments, as well as production, increased over the preceding month and the corresponding month in 1925; stocks are accumulating somewhat but remain below inventories of a year ago.

Shoe Manufacturing, Tanning, and Hides—An analysis of the individual returns to this bank of thirty-three shoe manufacturers in the Seventh district shows that increased distribution in February by slightly more than half the firms offset declines by the remainder, so that the total number of shoes shipped was seasonally greater than for January and exceeded production by 5.4 per cent. Unfilled orders on the books of twenty-four firms provided approximately five weeks' future operations at the current rate, while the shoes inventoried by thirty of the manufacturers were equivalent to 94.6 per cent of their shipments for February.

CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN FEBRUARY, 1926, COMPARED WITH PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JANUARY		FEBRUARY	
	1926	1925	1926	1925
Production	+ 7.1	-8.8	33	33
Shipments	+ 6.8	-8.6	33	33
Inventories	- 0.9	-3.9	30	29
Unfilled orders.....	-13.9	+2.7	22	20

Leather production in the district and the total value of sales billed to customers declined during February. A good

demand for belting continued, but the harness business experienced some recession. Prices held steady.

The Chicago market for packer green hides and calf skins was more active during February than in the previous month. Receipts and shipments of hides and skins at Chicago, however, showed a recession in volume from January, according to statistics compiled by the Chicago Board of Trade.

Furniture—The aggregate of orders booked during February by nineteen furniture manufacturers in this district declined seasonally 36.5 per cent from the January volume. A decrease was also shown (13.9 per cent) in the comparison with the corresponding month last year, although the majority of firms reported increases and there was a gain of 1.5 per cent over February, 1924. Shipments were 4.9 per cent larger than in the preceding month and 6.2 and 2.8 per cent above February, 1923 and 1924, respectively; they practically equaled incoming orders, so that deducting cancellations received, the amount of unfilled orders on hand at the end of the month declined 3.6 per cent from January 31 and was 23.1 per cent below a year ago. At the rate of the February shipments, five weeks' busi-

ness remains on the books of reporting firms, which compares with five and one-half weeks' last year. Operations were slightly reduced during the month from 82.7 per cent of capacity for January to 81.9 per cent; in February, 1923, factories were running at a rate of 87.6 per cent.

Raw Wool and Finished Woolens—The February wool market showed no developments of importance; only a small volume of wool moved to the mills at a fairly steady rate, and demand in general was dull. Prices displayed a definite downward tendency, averaging a decline of about 5 per cent between February 1 and March 1. The lowering of price levels in domestic markets may be partly attributed to a disappointing volume of orders in the goods trade and partly to the effects of foreign competition, large quantities of foreign wools having come into the country during February. Contracting for the 1926 domestic clip has so far been light.

Reports vary as to the results of the openings in the finished goods market, some firms having booked a fairly satisfactory volume of business, while others report developments so far as rather slow and sales less than anticipated.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

February was a quiet month generally, both in building materials and in the construction industries. While lumber continued to move in fair volume to distributors and the large consumers, there was little indication of a seasonal spring demand and price quotations showed a weakening tendency throughout the month. Sales, as reported by twenty manufacturers and wholesalers of the district, were 6 per cent larger than for the previous month and 9 per cent ahead of a year ago. The outstanding accounts of these concerns showed an accumulation also, both in the monthly and in the yearly comparisons; the ratio to sales registered 135 per cent as against 125 at the close of February, 1925. Retailers, on the other hand, experienced a decline in sales, reports for 233 yards showing a decrease of 12.4 per cent from the previous month; in comparison with February, 1925, however, an increase of 2.9 per cent was recorded. The outstanding accounts at retail were slightly reduced and in ratio to sales stood at 443 per cent as against 450 a year ago. Reports on the volume of stock on hand indicate little change at retail yards, the increases and decreases being about evenly divided; for wholesale and manufacturing concerns, the increases were slightly in the majority. At Chicago, receipts of lumber were 11 per cent above those for January but not quite equal to the volume of a year ago. The shipments of lumber from Chicago also were larger than the month previous, the increase amounting to 7 per cent, but were

below the February, 1925, volume by about the same percentage.

In the brick industry there was practically no change from the conditions that prevailed during January. Production was somewhat curtailed but, with the seasonal slackening in shipments and demand, stocks showed an increase. A slight increase was apparent in the volume of cement moved from producer to consumer; production, though reduced, continued heavier than shipments, so that stocks showed further accumulation.

Building Construction—Reports on building contracts awarded during February indicate a slight reaction from the heavy decline of the previous month. The awards in the Seventh district amounted to \$53,847,952, or 5.3 per cent above January, and while this total exceeds that of a year ago by 2.9 per cent, the trend is markedly different from last year when the January to February increase amounted to 42 per cent. As reflected by the permit figures, however, the trend in prospective building is more in line with that of a year ago, the estimated cost showing an increase of 28 per cent in the January to February comparison this year as against 29 per cent in 1925, and the number of permits issued gaining 19 per cent as against 33 a year ago. Both the estimated cost and the number of permits issued in February of this year, however, were below the February, 1925, level by 10 and 18 per cent, respectively. These permit figures cover fifty cities of the Seventh Federal Reserve district.

MERCHANDISING CONDITIONS

Wholesale Trade—The five groups of wholesalers reporting regularly to this bank—grocery, hardware, dry goods, drug, and shoe dealers—sold during February, 1926, a smaller volume of goods than in the corresponding month of either 1924 or 1923, and with the exception of drug firms indicated declines from last year as well. Individually, only thirty-one out of seventy-eight firms equaled their February, 1925, business.

For the majority of grocery and drug dealers, sales were below the preceding month. For dry goods, on the other hand, gains this year contrast with 1922-25, in each of which years February was a lower sales month than January; in hardware and shoes increases predominated.

With twelve exceptions dealers reported smaller Febru-

ary collections than in January, declines ranging from 2.7 per cent for grocery firms to 16.1 per cent for dry goods; and except for hardware, in which a few large gains counteracted general decreases, aggregate receipts were less than in February, 1925. Two-thirds of the grocery dealers reduced the accounts on their books during February; in the other groups the majority showed increases; all except drugs averaged decreases from February 28, 1925.

Thirty-four dealers had made net additions to their inventories by the end of February, and fourteen showed reductions; by groups groceries averaged the smallest increase, 1.3 per cent, and hardware the largest, 8.8 per cent. Drug inventories are heavier than a year ago, but other stocks are lower.

Department Store Trade—Two-thirds of the department stores reporting to this bank continued during February the contraction in sales noted a month earlier. Marked gains at some of the others, however, practically offset these declines, so that total sales of eighty-six firms for the district were within 1.1 per cent of the January volume. About half the group sold more goods than a year ago, averaging an increase of 7.2 per cent over February, 1925; the index figure representing sixty-five stores rose to the highest point for any February on record (since 1919).

In collections all except four stores indicated declines from January, amounting for sixty-seven firms to 22.3 per cent. The gain of 11.9 per cent over last year reflects individual increases at thirty-nine stores and decreases at twenty; for the same group total receipts were 38.6 per cent of accounts outstanding at the beginning of the month, as compared with 39.4 per cent, the corresponding 1925 ratio. Reductions in accounts receivable were general during the month.

Inventories at the end of February with few exceptions were higher than on January 31, sixty-five stores aggregating additions of 6.9 per cent; twelve firms reported heavier orders for new goods, and fifteen lower. For half the firms this year's stocks exceeded the amount of goods

held February 28, 1925. Sales during the month amounted to 27.2 per cent of average stocks as against 26.9 per cent a year ago; ratios for the two months, January and February, are 54.3 and 52.9 per cent, respectively.

Retail Shoe Trade—February retail shoe trade, on a dollar basis, was less than the January volume; three-fifths of the dealers reporting to this bank registered decreases, the drop for the group amounting to 7.3 per cent. Twenty-two firms furnishing both sales and accounts receivable data averaged a decline of 7.1 per cent in the former item and 16.2 per cent in the latter; for the same group the ratio of outstandings to sales fell from 97.6 per cent on January 31 to 88.1 by the end of February. Collections during the month, except for three firms, were smaller than the January receipts. After reductions for two consecutive months, inventories increased in February, aggregate stocks for thirty-five dealers advancing 9.7 per cent over January 31 and reflecting individual gains at two-thirds of the stores.

Chain Store Trade—February sales figures from eight reporting chain store systems with one exception indicated seasonal reductions from the preceding month. Six of the firms set new records for February in total sales; in average sales per store, however, only four firms exceeded February, 1925.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1919 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

	No. of Firms	Feb. 1926	Jan. 1926	Feb. 1925	Jan. 1925
Meat Packing—(U. S.)—					
Sales (in dollars).....	64	104.7	112.9	96.9	102.9
Casting Foundries—					
Shipments (in dollars).....	28	83.0	73.8	86.8	83.7
Stoves and Furnaces—					
Shipments (in dollars).....	16	71.3	57.0	78.4	67.9
Agricultural Machinery & Equipment—(U. S.)—					
Domestic Sales (in dollars).....	147.4	117.1	120.1	83.9	
Exports (in dollars).....	140.0	192.9	116.1	118.0	
Total Sales (in dollars).....	147.5	133.1	119.4	89.8	
Production.....	128.0	133.0	99.6	95.6	
Furniture—					
Orders (in dollars).....	21	139.4	220.6	154.8	177.6
Shipments (in dollars).....	21	145.5	137.9	139.2	119.7
Shoes—					
Production (in pairs).....	34	141.8	133.5	154.3	160.2
Shipments (in pairs).....	34	147.0	137.9	160.7	154.6
Electric Energy—					
Output of Plants (KWH).....	9	193.6	208.2	162.6	177.9
Industrial Sales (KWH).....	9	226.5	215.8	172.2	170.8
Flour Production—					
(In bbls.).....	39	90.8	97.3	110.4	125.7
Output of Butter by Creameries—					
Production.....	81	86.6	91.1	73.9	82.5
Sales.....	81	92.6	86.1	83.0	91.2
Freight Carloadings—(U. S.)—					
Grain and Grain Products.....	113.9	120.0	112.5	130.1	
Live Stock.....	89.2	101.1	97.0	110.5	
Coal.....	111.9	115.3	109.2	126.6	
Coke.....	203.3	196.4	148.8	147.7	
Forest Products.....	136.6	116.6	146.1	126.7	
Ore.....	29.4	27.5	31.6	27.0	
Merchandise and Miscellaneous.....	127.7	119.8	124.9	114.3	
Total.....	119.2	114.5	117.4	114.6	
Iron and Steel—					
Pig Iron Production: ¹					
Illinois and Indiana.....	146.3	142.0	167.5	150.7	
United States.....	124.6	127.7	137.0	129.8	
Steel Ingot Production—(U. S.) ²	140.2	141.7	138.8	137.9	
Unfilled Orders U. S. Steel Corp.....	77.0	81.5	88.2	84.0	
Automobiles—(U. S.)—					
Production: Passenger Cars.....	235.9	200.9	179.2	148.8	
Trucks.....	141.4	111.4	123.1	98.3	
Shipments: ³					
Carloads.....	281.6	244.9	189.8	161.6	
Driveways.....	110.5	92.2	79.5	56.9	
Boat ⁴	32.4	34.7	14.4	10.3	
Excise Tax Collections—					
New Automobiles.....	123.6	165.3	97.9	116.0	
New Automobile Trucks.....	18.3	17.3	13.0	28.4	
Parts and Accessories.....	40.1	48.3	34.7	50.3	
Stamp Tax Collections—					
Sales or Transfers of Capital Stock.....	207.8	296.4	162.8	200.4	
Sales of Produce on Exchange—Futures.....	62.3	95.4	88.4	75.4	

	No. of Firms	Feb. 1926	Jan. 1926	Feb. 1925	Jan. 1925
Wholesale Trade—					
Net Sales (in dollars):					
Groceries.....	40	58.1	59.1	62.8	65.9
Hardware.....	20	74.5	70.0	82.7	79.6
Dry Goods.....	14	70.4	66.3	75.3	78.9
Drugs.....	14	90.4	95.8	88.9	95.4
Shoes.....	7	30.4	23.8	32.6	29.9
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago.....	9	116.3	132.5	100.5	118.1
Detroit.....	4	157.2	138.5	127.2	120.6
Des Moines.....	3	103.2	107.7	103.4	110.5
Indianapolis.....	5	105.9	121.6	104.7	130.2
Milwaukee.....	5	120.8	143.1	114.6	122.3
Outside.....	39	85.1	83.8	80.6	85.1
Seventh District.....	65	120.6	121.7	107.4	112.7
Retail Trade—(U. S.)—					
Department Stores.....	359	105	115	101	108
Mail Order Houses.....	4	111	116	105	108
Chain Stores:					
Grocery.....	27	289	286	233	250
Drug.....	9	172	178	146	155
Shoe.....	6	97	108	100	107
Five and Ten Cent.....	5	170	166	156	151
Candy.....	5	173	167	175	162
Music.....	4	105	101	99	92
Cigar.....	3	127	127	119	122
U. S. Primary Markets—					
Grain Receipts:					
Oats.....	58.2	76.1	72.1	118.2	
Corn.....	173.1	190.6	141.4	242.0	
Wheat.....	53.0	64.0	61.8	76.3	
Grain Shipments:					
Oats.....	55.6	59.3	69.6	77.7	
Corn.....	66.2	65.4	81.4	92.8	
Wheat.....	31.4	37.8	51.1	61.3	
Building Construction—					
Contracts Awarded (in dollars):					
Residential.....	162.1	167.9	132.7	100.4	
Total.....	98.0	93.0	95.2	67.0	
Permits:					
Chicago.....	Number 182.5	130.6	258.3	128.1	
Cost.....	287.0	213.3	313.5	241.9	
Indianapolis.....	Number 125.4	87.1	181.2	124.2	
Cost.....	227.2	95.6	178.7	90.5	
Des Moines.....	Number 74.5	53.9	162.7	91.2	
Cost.....	50.1	40.8	248.3	64.4	
Detroit.....	Number 110.4	95.8	133.8	108.7	
Cost.....	138.9	151.8	141.3	136.7	
Milwaukee.....	Number 109.2	101.9	115.3	119.3	
Cost.....	95.2	73.6	147.6	101.0	
Others (45).....	Number 83.4	70.5	99.0	66.3	
Cost.....	116.2	77.5	136.7	99.5	
Fifty Cities.....	Number 105.9	88.7	129.8	97.7	
Cost.....	178.5	139.8	198.7	153.8	

1. Monthly average 1920-1921 = 100; 2. Monthly average 1923 = 100; 3. Monthly average 1919-1920-1921 = 100; 4. Monthly average of mean of production and shipments in 1919 = 100; 5. Average daily production; 6. Monthly average 1920 = 100; 7. Base figures (1920) partly estimated; 8. 7th F. R. District; 9. First Illinois internal revenue district; 10. Monthly average receipts 1919 = 100.

